<u>MARYLAND CONSORTIUM</u>

<u>NSP2 FUNDING APPLICATION</u>

SUBMITTED BY:

THE MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

INTRODUCTION

The State of Maryland Department of Housing and Community Development (DHCD) is requesting NSP2 funds in the amount of **$29,693,701.00**, in partnership with six county agencies and one non-profit organization:

- Anne Arundel Community Development Services (ACDS)
- Howard County Housing Commission ,
- Frederick County Department of Housing and Community Development,
- Harford County Department of Community Services,
- Montgomery County Department of Housing and Community Affairs
- Baltimore County Office of Community Conservation
- The Reinvestment Fund Development Partners (TRF DP) in Baltimore City.

This eight member consortium, headed by Maryland DHCD, represents a partnership of agencies that have long and extensive track records of successfully implementing projects at the local level as well as managing and administering programs at state-wide and county levels.

The State of Maryland DHCD has been at the forefront in implementing housing policy that promotes and preserves homeownership and creating innovative community development initiatives.

Maryland DHCD received NSP1 funds totaling $ 26,704,050. Each of the six county agencies received an allocation from State's NSP1 program, and several received their own, direct allocations of NSP1 funding as well. The anticipated outcome of this grant application is to maximize impact and strengthen the ability of regional economies to leverage more resources for neighborhood stabilization activities that incorporate energy efficiency, green building standards, increased access to public transit, and sustainable affordability.

Over the course of the last several months as collaborative relationship has been established among the consortium members in the planning, design and implementation and general effort to understand and comply with the NSP1 program guidelines and regulations.

The activities proposed in this application are designed to enhance and strengthen neighborhood planning and reinvestment strategies that are underway in the targeted census tracts as well as the broader communities and regions of Maryland. The State of Maryland offers a unique opportunity for ensuring successful NSP2 outcomes at many levels.

Rapid foreclosure and disinvestment in Maryland have not yet reached a tipping point at a statewide level. Maryland continues to experience growth in population, a phenomenon that will continue with Base Realignment and Closing (BRAC) initiative, which will be expanded on in the application narrative. While this growth is an asset, it is offset by the increasing gap in the supply of affordable workforce housing located near primary transit routes in neighborhoods that are able to sustain a mixture of incomes, and where the housing market is driven by the needs of the community.

The Maryland NSP2 project will be administered by the State's CDBG program staff. CDBG staff members are well versed in and committed to assuring that CDBG's distinctive requirements are held in compliance. Additionally, the State's CDBG staff has established an infrastructure that is unique to the management and administration of the Neighborhood Stabilization Program.

A brief summary of consortium activities is as follows:

- ACDS in Anne Arundel County: Will focus activities in one census tract through the acquisition and rehabilitation of affordable workforce housing.

- Montgomery County: Will focus on 5 targeted tracts , conducting acquisition and rehabilitation of affordable rental properties for families at or below 50% of AMI.

- Harford County: Has identified 9 target census tracts for activities that include homebuyer down payment assistance to families at or below 120% AMI, housing counseling and assistance to first-time home-buyers with purchasing foreclosed upon and vacant properties, acquisition and rehabilitation of foreclosed homes that will be sold to families at 30-50% AMI.

- Frederick County: Has targeted 43 census tracts and will conduct the following a activities for CDBG eligible households:

  acquisition /rehabilitation /resale/lease for lease/purchase,
  acquisition /rehabilitation/ resale of houses for families,
  acquisition/ rehabilitation/ lease of properties for families,
  down payment assistance to households.

- Howard County: Will conduct acquisition, rehabilitation, homebuyer education and down payment/settlement cost assistance to households in two census tracts.

- Baltimore County: Will provide deferred loans to eligible homebuyers for acquisition/rehabilitation of vacant and foreclosed properties in twelve targeted census tracts.

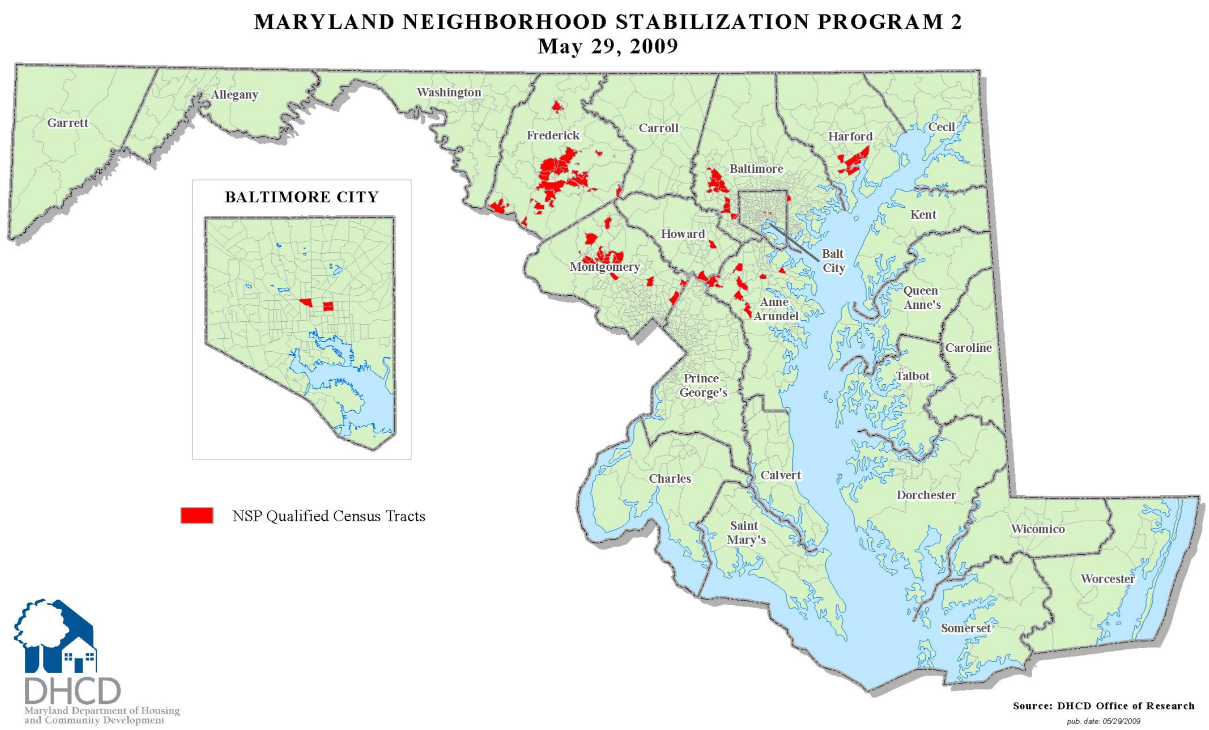
- TRF DP in Baltimore City: has targeted three census tracts in which the following activities will occur: clearance and redevelopment through new construction of homes that will be offered at staggered price points: 25% will be sold or rented to households with income less than 50% of AMI and the remaining homes will be sold or rented to households with incomes less than 80% of AMI.

FACTOR 1

TARGET GEOGRAPHY

The target geography for the State of Maryland's application for NSP2 funds are the census tracts in Anne Arundel, Baltimore, Frederick, Harford, Howard, and Montgomery Counties and

Baltimore City shown below and discussed in greater detail in the following write up. The census tracks we are focusing on 1) meet HUD's requirement of a foreclosure score of at least 18 out of 20 points 2) are in the State's Priority Funding Areas so are the top priorities for the State's revitalization efforts 3) are on commuter rail lines (see Map 2 below), coordinating our efforts with transit and 4) are in jurisdictions that will be heavily impacted by the Base Re-Alignment Commission (BRAC) process and will face a substantial influx of new households and jobs which will promote the long term sustainability of the targeted communities in conjunction with the State's BRAC Plan and efforts.



HOUSING NEED AND MARKET CONDITIONS IN MARYLAND COMMUNITIES

The Office of Research of the Maryland Department of Housing and Community Development (DHCD) constructed a database of socio-economic variables that describes the housing market conditions and demand factors in communities across Maryland at the census tract level. The variables included in this study are grouped under three broad categories (Exhibits 1 and 2):

1. ***Foreclosures and Housing Market Characteristics***. Household growth during the next three years (2010-2012) will help absorb some of the foreclosed or abandoned properties

throughout Maryland (Exhibit 3). Data for household growth are obtained from the Maryland Department of Planning projections that include the impact of the Base Realignment and Closure (BRAC) on household formation in Maryland communities. To arrive at the projections of demand for homeownership, the household formation data are adjusted by the homeownership rate corresponding to each census tract. Months' supply of homes for sale is estimated using April 2009 data from Maryland Regional Information Systems (MRIS) multiple listing database. The number of foreclosed properties is obtained from May 2009 mortgage loan foreclosure and delinquency data supplied by McDash Analytics, a national provider of mortgage loan data. Finally, the number of abandoned properties is based of the U.S. Postal Service (USPS) database of vacant properties for the first quarter of 2009. We have defined abandoned properties as those that have been vacant for over six months.

2. ***Economic Variables Affecting Housing Demand***. The magnitude and the growth in unemployment rates are positively correlated with the rise in foreclosures (Exhibit 4). The data on unemployment rate across various census tracts in Maryland are obtained from the HUD's NSP web site. The median home sales prices as well as the change in home prices are obtained from MRIS and represent April 2009 data. The higher the drop in home prices the higher the likelihood of foreclosures as the affected families who face mortgage loan reset try to refinance in light of their negative equity status.

3. ***Household Income Characteristics***. The higher the median income, the greater the economic base and the stability of a community (Exhibit 5). Data for median household income in 2008 are obtained from the DHCD's GIS demographics database, based on the ESRI community profiles. Share of the households earning less than $50,000 a year also are obtained from our ESRI community profiles. This share is positively correlated with the need for additional NSP funding as it represents the concentration of families that earn less than 70 percent of the State median income. Finally, housing cost burden, defined as the share of homeownership costs in household income, are estimated for households earning 50 percent, 80 percent, and 120 percent of the area median income levels. Housing cost burden is estimated by DHCD using data obtained from the MRIS for April 2009, and the American Community Survey data (2007) of the U.S. Bureau of the Census.

EXHIBIT 1: MARKET CONDITION VARIABLES

Variable	Description	Correlation with Housing Market Rebound
Household Growth	Household growth projections (2010-2012)	Positive
Months' Supply of Homes	Average months' supply of homes for sale (April 2009)	Negative
Foreclosures	Number of foreclosed Properties (April 2009)	Negative
Abandoned Properties	Number of Abandoned Properties (Q1_2009)	Negative
Unemployment Rate	Unemployment rate (2008)	Negative
Unemployment Rate Growth	Unemployment Rate Growth (2007-2008)	Negative
Median Home Sales Price Decline	Decline in Median Home Sales Price (April 2008-April 2009)	Negative
Median Household Income	Median Household Income (2008)	Positive

Families Earning below $50,000/Year	Share of Households earning less than $50,000 (2008)	Negative
Housing Cost Burden	Share of homeownership costs in household income (April 2009)	Negative

Source: DHCD, Office of Research

EXHIBIT 2: HOUSING MARKET CONDITIONS AND DEMAND FACTORS IN MARYLAND COMMUNITIES

Indicator	Anne Arundel	Baltimore	Baltimore City	Frederick	Harford	Howard	Montgomery
Foreclosures and Housing Market Characteristics							
Household Growth (2010-12)[1]	631	491	30	2,591	465	341	1,415
Demand: Owner Household Growth	462	333	8	1,898	342	194	1,002
Months' Supply of Homes for Sale (April 2009)[2]	8.0	9.0	20.2	7.4	12.3	4.9	6.6
Foreclosures (May 2009)[3]	406	583	20	881	285	144	1,609
All Vacant Homes [4]	113	234	920	436	153	68	511
Abandoned Properties (Q1_2009)[4]	82	127	879	258	65	47	348
Supply: Foreclosed plus Abandoned Properties	488	710	899	1,139	350	191	1,957
Net Supply of Properties	25	376	890	-758	8	-3	955
Economic Variables Affecting Housing Demand							
Unemployment Rate (2008)[5]	4.0%	4.4%	6.6%	3.7%	4.1%	3.2%	3.3%
Unemployment Change (2007-08)[5]	0.9%	0.9%	1.1%	0.7%	0.8%	0.5%	0.5%
Median Home Sales Price (April 2009)[2]	$329,471	$215,392	$112,255	$246,462	$185,400	$303,000	$265,494
Median Home Sales Price Change (2008-2009)[2]	-7.1%	-14.1%	-32.0%	-13.2%	-14.5%	-4.2%	-20.2%
Household Income Characteristics							
Percent of Households Earning Below $50K[6]	6.0%	14.8%	41.9%	10.7%	9.8%	6.2%	7.1%
Median Household Income (2008)[6]	$100,264	$74,481	$34,410	$85,741	$83,595	$109,130	$104,531
Housing Cost Burden (50% of AMI)[7]	56.4%	50.2%	69.7%	47.6%	39.2%	49.2%	45.2%
Housing Cost Burden (80% of AMI)[7]	35.2%	31.4%	43.6%	29.8%	24.5%	30.7%	28.2%
Housing Cost Burden (120% of AMI)[7]	23.5%	20.9%	29.0%	19.8%	16.4%	20.5%	18.8%

Sources:
1. *Maryland Department of Planning*
2. *Metropolitan Regional Information Systems, Inc.*
3. *McDash Analytics*
4. *U.S. Postal Service*
5. *HUD*
6. *ESRI Community Profiles*
7. *DHCD, Office of Research and ACS*

EXHIBIT 3: HOUSING MARKET PROJECTIONS IN MARYLAND COMMUNITIES

Tract	County	Household Growth	Homeowner Household Growth	Months' Supply of Homes	Foreclosures	All Vacant Homes	Abandoned Homes	Foreclosures Plus Abandoned	Net Supply
24003702202	Anne Arundel	136	107	6	59	14	7	66	-41
24003730504	Anne Arundel	70	46	6	40	0	0	40	-6
24003731311	Anne Arundel	62	54	14	51	3	1	52	-2
24003740103	Anne Arundel	64	57	11	23	0	0	23	-33
24003740301	Anne Arundel	93	60	7	81	45	37	118	58
24003740500	Anne Arundel	125	79	5	107	41	27	134	55
24003740700	Anne Arundel	81	61	7	45	10	10	55	-5
24005401101	Baltimore	39	27	11	63	56	32	95	68

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Tract	County	Household Growth	Homeowner Household Growth	Months' Supply of Homes	Foreclosures	All Vacant Homes	Abandoned Homes	Foreclosures Plus Abandoned	Net Supply
24005401301	Baltimore	24	20	11	38	11	4	42	22
24005401501	Baltimore	58	27	7	32	18	6	38	11
24005402303	Baltimore	40	27	7	25	31	19	44	16
24005402401	Baltimore	47	14	7	42	13	9	51	37
24005402504	Baltimore	23	18	8	13	10	6	19	1
24005402506	Baltimore	23	20	11	33	4	4	37	16
24005402507	Baltimore	80	45	9	94	3	3	97	52
24005402603	Baltimore	33	30	11	82	3	3	85	55
24005402604	Baltimore	34	33	9	48	13	3	51	18
24005404100	Baltimore	55	40	9	91	12	12	103	63
24005440400	Baltimore	35	31	9	23	60	26	49	18
24021750501	Frederick	225	85	6	116	33	33	149	64
24021750502	Frederick	182	111	6	77	134	68	145	34
24021750700	Frederick	182	106	6	56	72	23	79	-28
24021750800	Frederick	275	182	7	112	28	25	137	-45
24021751000	Frederick	303	206	6	97	39	16	113	-93
24021751200	Frederick	202	171	6	73	7	1	74	-97
24021751400	Frederick	166	138	6	53	1	1	54	-84
24021751700	Frederick	180	156	7	72	0	0	72	-84
24021751900	Frederick	213	197	8	30	0	0	30	-167
24021752000	Frederick	196	187	8	16	0	0	16	-171
24021752300	Frederick	142	120	6	105	1	1	106	-13
24021752400	Frederick	160	119	12	31	79	54	85	-35
24021753000	Frederick	165	120	10	45	42	36	81	-39
24025301203	Harford	105	89	10	48	0	0	48	-41
24025301302	Harford	105	53	11	85	93	31	116	64
24025301602	Harford	83	71	11	42	60	34	76	5
24025301701	Harford	99	77	10	51	0	0	51	-25
24025301702	Harford	73	54	20	59	0	0	59	5
24027606605	Howard	169	98	5	59	41	20	79	-19
24027606903	Howard	172	96	5	84	27	27	111	15
24031700102	Montgomery	114	99	7	63	23	23	86	-14
24031700202	Montgomery	69	54	7	68	30	21	89	35
24031700302	Montgomery	32	28	11	93	47	37	130	102
24031700306	Montgomery	61	54	6	103	25	9	112	59
24031700609	Montgomery	102	69	3	52	40	24	76	7
24031700705	Montgomery	66	30	4	155	80	42	197	167
24031700708	Montgomery	91	37	4	125	24	4	129	92
24031700712	Montgomery	87	27	7	92	30	30	122	94
24031700715	Montgomery	51	43	7	38	5	5	43	0
24031700716	Montgomery	74	54	7	67	36	30	97	43
24031700808	Montgomery	82	52	5	85	24	21	106	54
24031700809	Montgomery	84	61	5	69	5	2	71	10
24031700810	Montgomery	51	44	7	66	15	15	81	37

EXHIBIT 3: HOUSING MARKET PROJECTIONS IN MARYLAND COMMUNITIES

Tract	County	Household Growth	Homeowner Household Growth	Months' Supply of Homes	Foreclosures	All Vacant Homes	Abandoned Homes	Foreclosures Plus Abandoned	Net Supply
24031700813	Montgomery	59	45	7	97	11	11	108	62
24031700815	Montgomery	64	52	6	144	23	13	157	104
24031700819	Montgomery	67	52	6	121	33	29	150	98
24031701410	Montgomery	70	53	8	64	7	3	67	14
24031701412	Montgomery	81	70	6	74	11	4	78	8
24031703211	Montgomery	110	78	10	36	42	25	61	-17
24510080700	Baltimore City	7	3	15	9	408	382	391	389
24510080800	Baltimore City	12	4	15	3	319	309	312	308
24510120500	Baltimore City	11	2	31	7	193	188	195	194

Source: DHCD, Office of Research

EXHIBIT 4
ECONOMIC VARIABLES AFFECTING HOUSING DEMAND IN MARYLAND COMMUNITIES

Tract	County	Unemployment Rate		Median Home Sales Price	
		Rate	Change	Price	Change
24003702202	Anne Arundel	4.0%	0.9%	$274,950	-6.8%
24003730504	Anne Arundel	4.0%	0.9%	$471,500	6.7%
24003731311	Anne Arundel	4.0%	0.9%	$262,450	-14.4%
24003740103	Anne Arundel	4.0%	0.9%	$450,000	9.8%
24003740301	Anne Arundel	4.0%	0.9%	$310,750	-7.2%
24003740500	Anne Arundel	4.0%	0.9%	$225,900	-30.7%
24003740700	Anne Arundel	4.0%	0.9%	$310,750	-7.2%
24005401101	Baltimore	4.4%	0.9%	$153,550	-16.5%
24005401301	Baltimore	4.4%	0.9%	$153,550	-16.5%
24005401501	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402303	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402401	Baltimore	4.4%	0.9%	$180,000	-23.0%
24005402504	Baltimore	4.4%	0.9%	$490,000	5.0%
24005402506	Baltimore	4.4%	0.9%	$187,500	-23.5%
24005402507	Baltimore	4.4%	0.9%	$245,300	0.1%
24005402603	Baltimore	4.4%	0.9%	$187,500	-23.5%
24005402604	Baltimore	4.4%	0.9%	$245,000	-11.7%
24005404100	Baltimore	4.4%	0.9%	$245,300	0.1%
24005440400	Baltimore	4.4%	0.9%	$137,000	-14.3%
24021750501	Frederick	3.9%	0.7%	$230,000	-11.5%
24021750502	Frederick	3.9%	0.7%	$190,000	-24.0%
24021750700	Frederick	3.9%	0.7%	$230,000	-11.5%
24021750800	Frederick	3.8%	0.7%	$220,000	-13.7%
24021751000	Frederick	3.6%	0.7%	$190,000	-24.0%
24021751200	Frederick	3.7%	0.7%	$230,000	-11.5%
24021751400	Frederick	3.6%	0.7%	$212,000	-22.9%
24021751700	Frederick	3.6%	0.7%	$220,000	-13.7%

EXHIBIT 4
ECONOMIC VARIABLES AFFECTING HOUSING DEMAND IN MARYLAND COMMUNITIES

Tract	County	Unemployment Rate		Median Home Sales Price	
		Rate	Change	Price	Change
24021751900	Frederick	3.6%	0.7%	$387,500	-21.1%
24021752000	Frederick	3.6%	0.7%	$342,000	-10.6%
24021752300	Frederick	3.6%	0.7%	$190,000	-24.0%
24021752400	Frederick	3.6%	0.7%	$278,000	24.0%
24021753000	Frederick	3.6%	0.7%	$284,500	-7.3%
24025301203	Harford	4.1%	0.8%	$235,000	-11.6%
24025301302	Harford	4.1%	0.8%	$135,000	-12.9%
24025301602	Harford	4.1%	0.8%	$135,000	-12.9%
24025301701	Harford	4.1%	0.8%	$235,000	-11.6%
24025301702	Harford	4.1%	0.8%	$187,000	-23.7%
24027606605	Howard	3.2%	0.5%	$316,000	-4.2%
24027606903	Howard	3.2%	0.5%	$290,000	-4.1%
24031700102	Montgomery	3.3%	0.5%	$220,000	-20.0%
24031700202	Montgomery	3.3%	0.5%	$275,000	-14.9%
24031700302	Montgomery	3.3%	0.5%	$412,213	-1.3%
24031700306	Montgomery	3.3%	0.5%	$239,900	-17.3%
24031700609	Montgomery	3.3%	0.5%	$425,000	-27.4%
24031700705	Montgomery	3.2%	0.5%	$240,000	-28.4%
24031700708	Montgomery	3.2%	0.5%	$240,000	-28.4%
24031700712	Montgomery	3.2%	0.5%	$220,000	-20.0%
24031700715	Montgomery	3.3%	0.5%	$220,000	-20.0%
24031700716	Montgomery	3.3%	0.5%	$220,000	-20.0%
24031700808	Montgomery	3.3%	0.5%	$316,803	-17.7%
24031700809	Montgomery	3.3%	0.5%	$316,803	-17.7%
24031700810	Montgomery	3.3%	0.5%	$205,708	-25.7%
24031700813	Montgomery	3.3%	0.5%	$205,708	-25.7%
24031700815	Montgomery	3.3%	0.5%	$239,900	-17.3%
24031700819	Montgomery	3.3%	0.5%	$239,900	-17.3%
24031701410	Montgomery	3.3%	0.5%	$230,000	-27.9%
24031701412	Montgomery	3.3%	0.5%	$347,450	-14.2%
24031703211	Montgomery	3.3%	0.5%	$230,000	-22.2%
24510080700	Baltimore City	6.6%	1.1%	$50,000	-50.0%
24510080800	Baltimore City	6.6%	1.1%	$50,000	-50.0%
24510120500	Baltimore City	6.6%	1.1%	$236,766	4.1%

Source: DHCD, Office of Research

EXHIBIT 5: HOUSEHOLD INCOME CHARACTERISTICS IN MARYLAND COMMUNITIES

Tract	County	% of Households Below $50K	Median Household Income	Housing Cost Burden		
				50% of AMI	80% of AMI	120% of AMI
24003702202	Anne Arundel	3.9%	$114,003	41.3%	25.8%	17.2%
24003730504	Anne Arundel	7.2%	$98,409	82.1%	51.3%	34.2%

EXHIBIT 5: HOUSEHOLD INCOME CHARACTERISTICS IN MARYLAND COMMUNITIES

Tract	County	% of Households Below $50K	Median Household Income	Housing Cost Burden		
				50% of AMI	80% of AMI	120% of AMI
24003731311	Anne Arundel	7.5%	$92,957	48.4%	30.2%	20.2%
24003740103	Anne Arundel	6.5%	$102,057	75.5%	47.2%	31.5%
24003740301	Anne Arundel	6.0%	$102,622	51.9%	32.4%	21.6%
24003740500	Anne Arundel	4.8%	$89,179	43.4%	27.1%	18.1%
24003740700	Anne Arundel	6.0%	$102,622	51.9%	32.4%	21.6%
24005401101	Baltimore	19.8%	$60,581	44.8%	28.0%	18.7%
24005401301	Baltimore	19.8%	$60,581	44.8%	28.0%	18.7%
24005401501	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402303	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402401	Baltimore	14.7%	$65,257	48.8%	30.5%	20.3%
24005402504	Baltimore	8.2%	$112,727	76.9%	48.1%	32.0%
24005402506	Baltimore	12.9%	$79,108	41.9%	26.2%	17.5%
24005402507	Baltimore	9.5%	$87,365	49.7%	31.1%	20.7%
24005402603	Baltimore	12.9%	$79,108	41.9%	26.2%	17.5%
24005402604	Baltimore	14.0%	$78,896	54.9%	34.3%	22.9%
24005404100	Baltimore	9.5%	$87,365	49.7%	31.1%	20.7%
24005440400	Baltimore	26.6%	$52,268	51.0%	31.9%	21.2%
24021750501	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021750502	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021750700	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021750800	Frederick	14.2%	$79,970	45.7%	28.5%	19.0%
24021751000	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021751200	Frederick	12.3%	$82,653	46.2%	28.9%	19.2%
24021751400	Frederick	6.8%	$89,380	39.4%	24.6%	16.4%
24021751700	Frederick	14.2%	$79,970	45.7%	28.5%	19.0%
24021751900	Frederick	9.5%	$97,353	66.1%	41.3%	27.5%
24021752000	Frederick	5.0%	$113,202	50.1%	31.3%	20.9%
24021752300	Frederick	9.7%	$84,408	37.4%	23.3%	15.6%
24021752400	Frederick	10.0%	$76,676	60.2%	37.6%	25.1%
24021753000	Frederick	12.8%	$76,902	61.4%	38.4%	25.6%
24025301203	Harford	6.9%	$94,064	44.8%	28.0%	18.7%
24025301302	Harford	15.6%	$69,435	34.9%	21.8%	14.5%
24025301602	Harford	15.6%	$69,435	34.9%	21.8%	14.5%
24025301701	Harford	6.9%	$94,064	44.8%	28.0%	18.7%
24025301702	Harford	4.1%	$90,977	36.9%	23.0%	15.4%
24027606605	Howard	7.8%	$107,951	51.8%	32.4%	21.6%
24027606903	Howard	4.6%	$110,308	46.5%	29.1%	19.4%
24031700102	Montgomery	5.0%	$117,457	33.0%	20.6%	13.7%
24031700202	Montgomery	7.6%	$103,153	46.9%	29.3%	19.6%
24031700302	Montgomery	5.0%	$129,902	55.9%	34.9%	23.3%
24031700306	Montgomery	5.4%	$99,516	42.4%	26.5%	17.7%
24031700609	Montgomery	6.2%	$124,654	60.0%	37.5%	25.0%
24031700705	Montgomery	13.0%	$76,737	55.1%	34.4%	22.9%

EXHIBIT 5: HOUSEHOLD INCOME CHARACTERISTICS IN MARYLAND COMMUNITIES

Tract	County	% of Households Below $50K	Median Household Income	Housing Cost Burden		
				50% of AMI	80% of AMI	120% of AMI
24031700708	Montgomery	13.0%	$76,737	55.1%	34.4%	22.9%
24031700712	Montgomery	5.0%	$117,457	33.0%	20.6%	13.7%
24031700715	Montgomery	5.0%	$117,457	33.0%	20.6%	13.7%
24031700716	Montgomery	5.0%	$117,457	33.0%	20.6%	13.7%
24031700808	Montgomery	5.7%	$117,741	47.4%	29.6%	19.7%
24031700809	Montgomery	5.7%	$117,741	47.4%	29.6%	19.7%
24031700810	Montgomery	7.5%	$95,583	37.9%	23.7%	15.8%
24031700813	Montgomery	7.5%	$95,583	37.9%	23.7%	15.8%
24031700815	Montgomery	5.4%	$99,516	42.4%	26.5%	17.7%
24031700819	Montgomery	5.4%	$99,516	42.4%	26.5%	17.7%
24031701410	Montgomery	5.1%	$112,036	36.1%	22.6%	15.1%
24031701412	Montgomery	8.7%	$90,302	67.7%	42.3%	28.2%
24031703211	Montgomery	13.9%	$77,543	52.2%	32.6%	21.8%
24510080700	Baltimore City	38.1%	$36,879	26.4%	16.5%	11.0%
24510080800	Baltimore City	38.1%	$36,879	26.4%	16.5%	11.0%
24510120500	Baltimore City	49.5%	$29,473	156.3%	97.7%	65.1%

Source: DHCD, Office of Research

ANNE ARUNDEL COUNTY PROFILE

According to the Maryland Department of Planning, the Anne Arundel County communities included in this application are projected to add an estimated 631 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 462 households will be seeking homeownership opportunities. Given the current inventory of eight months' supply of homes for sale, the county's real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the county communities totaled 406 units in May 2009. Data from the USPS show that the county had a total 82 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 488 units. Therefore, the household formation in selected Anne Arundel County communities during the next three years may help absorb a total of 462 housing units, leaving an estimated 25 foreclosed and abandoned properties still in the market.

The Anne Arundel County communities included in this application recorded an average unemployment rate of 4.0 percent in 2008, representing a growth of 0.9 percent from 2007. The April median home sales price in these communities declined by 7.1 percent from last year. According to our ESRI GIS profiles, an estimated six percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $100,264, indicates that the communities included in this application are relatively affluent and stable. However, with a median home sales price of $329,471, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 56.4 percent, 35.2 percent, and 23.5 percent of their incomes to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS in Anne Arundel County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	631
Demand: Owner Household Growth	462
Months' Supply of Homes for Sale (April 2009)	8
Foreclosures (May 2009)	406
All Vacant Homes	113
Abandoned Properties (Q1_2009)	82
Supply: Foreclosed plus Abandoned Properties	488
Net Supply of Properties	25
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.00%
Unemployment Change (2007-08)	0.90%
Median Home Sales Price (April 2009)	$329,471
Median Home Sales Price Change (2008-2009)	-7.10%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	6.00%
Median Household Income (2008)	$100,264
Housing Cost Burden (50% of AMI)	56.40%
Housing Cost Burden (80% of AMI)	35.20%
Housing Cost Burden (120% of AMI)	23.50%

BALTIMORE COUNTY PROFILE

According to the Maryland Department of Planning, the Baltimore County communities included in this application are projected to add an estimated 491 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 333 households will be seeking homeownership opportunities. Given the current inventory of nine months' supply of homes for sale, the county's real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the county communities totaled 583 units in May 2009. Data from the USPS show that the county had a total 127 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 710 units. Therefore, the household formation in selected Baltimore County communities during the next three years may help absorb a total of 333 housing units, leaving an estimated 376 foreclosed and abandoned properties still in the market.

The Baltimore County communities included in this application recorded an average unemployment rate of 4.4 percent in 2008, representing a growth of 0.9 percent from 2007. The April median home sales price in these communities declined by 14.1 percent from last year. According to our ESRI GIS profiles, an estimated 14.8 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $74,481, indicates that the communities that are included in this application are relatively stable.

However, with a median home sales price of $215,392, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 50.2 percent, 31.4 percent, and 20.9 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Baltimore County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	491
Demand: Owner Household Growth	333
Months' Supply of Homes for Sale (April 2009)	9.0
Foreclosures (May 2009)	583
All Vacant Homes	234
Abandoned Properties (Q1_2009)	127
Supply: Foreclosed plus Abandoned Properties	710
Net Supply of Properties	376
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.4%
Unemployment Change (2007-08)	0.9%
Median Home Sales Price (April 2009)	$215,392
Median Home Sales Price Change (2008-2009)	-14.1%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	14.8%
Median Household Income (2008)	$74,481
Housing Cost Burden (50% of AMI)	50.2%
Housing Cost Burden (80% of AMI)	31.4%
Housing Cost Burden (120% of AMI)	20.9%

BALTIMORE CITY PROFILE

According to the Maryland Department of Planning, the Baltimore City communities included in this application are projected to add an estimated 30 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 8 households will be seeking homeownership opportunities. Given the current inventory of 20.2 months' supply of homes for sale, the City's real estate market is significantly burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the City's communities totaled 20 units in May 2009. Data from the USPS show that the communities included in this application had a total 879 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 899 units. Therefore, the household formation in selected Baltimore City communities during the next three years may help absorb a total of 8 housing units, leaving an estimated 890 foreclosed and abandoned properties still in the market.

The Baltimore City communities included in this application recorded an average unemployment rate of 6.6 percent in 2008, representing a growth of 1.1 percent from 2007. The April median home sales price in these communities declined by 32.0 percent from last year. According to our ESRI GIS profiles, an estimated 41.9 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $34,410, indicates that the communities that are included in this application are struggling. With a median home sales price of $112,255, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 69.7 percent, 43.6 percent, and 19.0 percent, respectively of their incomes to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is significantly above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Baltimore City Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	30
Demand: Owner Household Growth	8
Months' Supply of Homes for Sale (April 2009)	20.2
Foreclosures (May 2009)	20
All Vacant Homes	920
Abandoned Properties (Q1_2009)	879
Supply: Foreclosed plus Abandoned Properties	899
Net Supply of Properties	890
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	6.6%
Unemployment Change (2007-08)	1.1%
Median Home Sales Price (April 2009)	$112,255
Median Home Sales Price Change (2008-2009)	-32.0%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	41.9%
Median Household Income (2008)	$34,410
Housing Cost Burden (50% of AMI)	69.7%
Housing Cost Burden (80% of AMI)	43.6%
Housing Cost Burden (120% of AMI)	29.0%

FREDERICK COUNTY PROFILE

According to the Maryland Department of Planning, the Frederick County communities included in this application are projected to add an estimated 2,591 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 1,898 households will be seeking homeownership opportunities. Given the current inventory of 7.4 months' supply of homes for sale, the County's real estate market is still burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 881 units in May 2009. Data from the USPS show that the communities included in this application had a total 258 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 1,139 units.

Therefore, the household formation in selected Frederick County communities during the next three years may help absorb all of the foreclosed and abandoned properties in the market.

The Frederick County communities included in this application recorded an average unemployment rate of 3.7 percent in 2008, representing a growth of 0.7 percent from 2007. The April median home sales price in these communities declined by 13.2 percent from last year. According to our ESRI GIS profiles, an estimated 10.7 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $85,741, indicates that the communities that are included in this application are relatively stable. With a median home sales price of $246,462, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 47.6 percent, 29.8 percent, and 19.8 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is significantly above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS in Frederick County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	2,591
Demand: Owner Household Growth	1,898
Months' Supply of Homes for Sale (April 2009)	7.4
Foreclosures (May 2009)	881
All Vacant Homes	436
Abandoned Properties (Q1_2009)	258
Supply: Foreclosed plus Abandoned Properties	1,139
Net Supply of Properties	-758
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.7%
Unemployment Change (2007-08)	0.7%
Median Home Sales Price (April 2009)	$246,462
Median Home Sales Price Change (2008-2009)	-13.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	10.7%
Median Household Income (2008)	$85,741
Housing Cost Burden (50% of AMI)	47.6%
Housing Cost Burden (80% of AMI)	29.8%
Housing Cost Burden (120% of AMI)	19.8%

HARFORD COUNTY PROFILE

According to the Maryland Department of Planning, the Harford County communities included in this application are projected to add an estimated 465 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 342 households will be seeking homeownership opportunities. Given the current inventory of 12.3 months' supply of homes for sale, the County's real estate market is highly burdened with a large unsold inventory of homes. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 285 units in May 2009. Data from the USPS show that the communities included in this application had a total 65 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 350 units. Therefore, the household formation in selected Harford County communities during the next three years may help absorb a total of 342 housing units, leaving an estimated 8 foreclosed and abandoned properties still in the market.

The Harford County communities included in this application recorded an average unemployment rate of 4.1 percent in 2008, representing a growth of 0.8 percent from 2007. The April median home sales price in these communities declined by 14.5 percent from last year. According to our ESRI GIS profiles, an estimated 9.8 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $83,595, indicates that the communities that are included in this application are relatively stable. With a median home sales price of $185,400, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 39.2 percent, 24.5 percent, and 16.4 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Harford County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	465
Demand: Owner Household Growth	342
Months' Supply of Homes for Sale (April 2009)	12.3
Foreclosures (May 2009)	285
All Vacant Homes	153
Abandoned Properties (Q1_2009)	65
Supply: Foreclosed plus Abandoned Properties	350
Net Supply of Properties	8
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	4.1%
Unemployment Change (2007-08)	0.8%
Median Home Sales Price (April 2009)	$185,400
Median Home Sales Price Change (2008-2009)	-14.5%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	9.8%
Median Household Income (2008)	$83,595
Housing Cost Burden (50% of AMI)	39.2%
Housing Cost Burden (80% of AMI)	24.5%
Housing Cost Burden (120% of AMI)	16.4%

HOWARD COUNTY PROFILE

According to the Maryland Department of Planning, the Howard County communities included in this application are projected to add an estimated 341 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 194 households will be seeking homeownership opportunities. Given the current inventory of 4.9 months' supply of homes for sale, the County's real estate market is showing signs of rebound. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 144 units in May 2009. Data from the USPS show that the communities included in this application had a total 47 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 191 units. Therefore, the household formation in selected Howard County communities during the next three years may help absorb all of the foreclosed and abandoned properties in the market.

The Howard County communities included in this application recorded an average unemployment rate of 3.2 percent in 2008, representing a growth of 0.5 percent from 2007. The April median home sales price in these communities declined by 4.2 percent from last year. According to our ESRI GIS profiles, an estimated 6.2 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $109,130, indicates that the communities that are included in this application are very stable. With a median home sales price of $303,000, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 49.2 percent, 30.7 percent, and 20.5 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent and 80 percent of the median income is above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS in Howard County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	341
Demand: Owner Household Growth	194
Months' Supply of Homes for Sale (April 2009)	4.9
Foreclosures (May 2009)	144
All Vacant Homes	68
Abandoned Properties (Q1_2009)	47
Supply: Foreclosed plus Abandoned Properties	191
Net Supply of Properties	-3
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.2%
Unemployment Change (2007-08)	0.5%
Median Home Sales Price (April 2009)	$303,000
Median Home Sales Price Change (2008-2009)	-4.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	6.2%
Median Household Income (2008)	$109,130
Housing Cost Burden (50% of AMI)	49.2%
Housing Cost Burden (80% of AMI)	30.7%
Housing Cost Burden (120% of AMI)	20.5%

MONTGOMERY COUNTY PROFILE

According to the Maryland Department of Planning, the Montgomery County communities included in this application are projected to add an estimated 1,415 households between 2010 and 2012. This projection includes the impact on household formation from the implementation of BRAC in Maryland. Of this total, an estimated 1,002 households will be seeking homeownership opportunities. Given the current inventory of 6.6 months' supply of homes for sale, the County's real estate market is showing signs of rebound. According to the data from McDash Analytics, the inventory of foreclosed homes in the County's communities totaled 1,609 units in May 2009. Data from the USPS show that the communities included in this application had a total 348 abandoned homes as of the first quarter of 2009. As a result, the number of foreclosed and abandoned properties amounts to 1,957 units. Therefore, the household formation in selected Montgomery County communities during the next three years may help absorb a total of 1,002 housing units, leaving an estimated 955 foreclosed and abandoned properties still in the market.

The Montgomery County communities included in this application recorded an average unemployment rate of 3.3 percent in 2008, representing a growth of 0.5 percent from 2007. The April median home sales price in these communities declined by 20.2 percent from last year. According to our ESRI GIS profiles, an estimated 7.1 percent of the households in these communities earned less than $50,000 a year. This, together with a median household income of $104,531, indicates that the communities that are included in this application are relatively stable. With a median home sales price of $265,494, families earning 50.0 percent, 80.0 percent, and 120 percent of the median income would have pay an estimated 45.2 percent, 28.2 percent, and 18.8 percent of their incomes, respectively to cover the homeownership costs. Therefore, the housing cost burden for families earning 50 percent of the median income is significantly above the affordability threshold of 30.0 percent.

HOUSING MARKET CONDITIONS AND DEMAND FACTORS
in Montgomery County Communities

Foreclosures and Housing Market Characteristics	
Household Growth (2010-12)	1,415
Demand: Owner Household Growth	1,002
Months' Supply of Homes for Sale (April 2009)	6.6
Foreclosures (May 2009)	1,609
All Vacant Homes	511
Abandoned Properties (Q1_2009)	348
Supply: Foreclosed plus Abandoned Properties	1,957
Net Supply of Properties	955
Economic Variables Affecting Housing Demand	
Unemployment Rate (2008)	3.3%
Unemployment Change (2007-08)	0.5%
Median Home Sales Price (April 2009)	$265,494
Median Home Sales Price Change (2008-2009)	-20.2%
Household Income Characteristics	
Percent of Households Earning Below $50,000/Year	7.1%
Median Household Income (2008)	$104,531
Housing Cost Burden (50% of AMI)	45.2%
Housing Cost Burden (80% of AMI)	28.2%

Housing Cost Burden (120% of AMI)	18.8%

FACTOR 2 DEMONSTRATED CAPACITY OF THE APPLICANT AND RELEVANT ORGANIZATIONAL STAFF

The Maryland Stabilization Program 2 has a demonstrated capacity to carry out and complete eligible activities involving at least 75 units. Consortium members represent six entitlement communities, one non-profit organization, and the State of Maryland, as the lead. Each member has successfully administered and implemented federal and state funded housing programs for a result of well over 800 units that have been acquired, rehabilitated and sold or leased to income eligible households within the 24-month period immediately preceding the date of the NSP2 NOFA.

Hand in hand with the development of vacant properties, consortium members have:

- Conducted City and regional planning;
- Acquired and disposed of vacant and abandoned housing;
- Rehabilitated housing;
- Marketed and managed waiting lists for potential residents;
- Underwritten housing costs through the provision of rehabilitation, downpayment and closing cost deferred loans and grants;
- Cleared vacant and blighted sites for the purpose of developing affordable new housing;
- Accessed operating and investment capital;
- Worked productively with other organizations.

Past Experience of the applicant:

Maryland Department of Housing and Community Development: was created in 1987, offering programs for low-income housing, home financing, building codes, planning and community development. The main operational units in the Department include the Division of Housing Finance, the Division of Neighborhood Revitalization, and the Division of Credit Assurance.

The Division of Housing Finance operates numerous State and Federally funded housing programs, and also serves as the State's Housing Finance Agency. In this capacity, it issues about $800 million in bond financing each year to promote the development of affordable housing. It also operates the Federal HOME Investment Partnerships Program (HOME), Low-Income Housing Tax Credit Program, Weatherization Assistance Program, and Housing Opportunities for Persons With AIDS (HOPWA) Program, in addition to also operating as a Public Housing Authority for the State's rural areas. State programs it operates include the Maryland Home Financing Program, Downpayment and Settlement Expense Program, Maryland Housing Rehabilitation Program, Accessible Housing for Seniors Program, Homeownership for Persons With Disabilities Program, Shelter and Transitional Housing Grant Program, Rental Production Program, and Rental Allowance Program, among others.

The Division of Neighborhood Revitalization also operates numerous Federal and State Programs. Already operating the formula driven Neighborhood Stabilization Program, other federal programs operated by the Division include the Community Development Block Grant Program, Emergency Shelter Grants Program, and Community Services Block Grant Program. The Division has also been the successful administrator of competitive programs from HUD, including several housing counseling grants from NeighborWorks, and also operates the Main Street Program. State funded programs operated by the Division include the Community Legacy Program, Community Investment Tax Credit Program, Neighborhood BuisinessWorks, and DHCD Catalyst, among others.

The Division of Credit Assurance has three primary functions – insuring and/or providing credit enhancement to Single Family and Multifamily properties, managing the assets of the Department's Single Family and Multi-family portfolios for both financial and physical soundness, and managing the State's Building Codes.

In the past two years, the Department has:

- Provided mortgages for 6,807 homeownership units
- Developed 4,985 affordable rental housing units
- Rehabilitated 2,704 single family homes
- Provided State and Federal rental subsidies to approximately 3,300 rental units (and served as a HUD Performance Based Contract Administrator for an additional 22,000 rental units)
- Funded 17 NSP1 applicants, including providing half of all competitive funding the State allocated to its Consortium Partners, regardless of many of them being NSP1 entitlement jurisdictions due to their high level of need
- Funded 73 CDBG projects ranging from infrastructure improvements to community centers to housing rehabilitation
- Provided 97 grants to homeless shelters under the ESG Program
- Carried out 145 State-funded Community Legacy Projects which promote State revitalization efforts
- Provided over $5 million in housing counseling funds (including $2.75 million in federal funds and $2.2 million in State funds) to 30 counseling networks who have assisted over 20,000 households at risk of foreclosure.
- Financed the expansion or creation of 31 business loans through the State's Neighborhood BusinessWorks program, and
- Provided asset management of over 13,000 single family home mortgages and 54,000 State financed apartment units.

Howard County Housing Commission: was established in 1991 as the housing authority for Howard County, MD and is a separate entity of the Howard County Department of Housing and Community Development. Howard County and the Commission have used various federal, State and local funding sources for the development of affordable rental housing and financial assistance for affordable home ownership opportunities.

Howard County Housing Commission has provided financial assistance for several affordable housing projects. Housing developments have been constructed in conjunction with private sector partners and using layered financing sources, including county funding, low income housing tax credits, State of Maryland financing, and various federal financing sources.

Between 1991 and 2006 the county government, in conjunction with the private development community, produced, marketed and managed 1,200 units of low-and moderate-income rental units. Within the last 24 months the County completed construction and opened a 70-unit project - Patuxent Square, an 80-unit senior community - Parkview at Emerson was opened, and the county acquired a 300-unit property, using self-generated equity and commercial bank financing. Currently, the County is in the process of developing a 106-unit Ellicott Gardens which is slated for occupancy in September 2009. Ellicott Gardens' multi-family building will consist of 106 green and affordable units. The project will include an on-site wind turbine.

Frederick County Department of Housing and Community Development (DHCD): has extensive experience in providing a diverse mix of housing programs and resources for renters, owners, developers and non-profit organizations. Frederick DHCD has the fiscal and technical capacity to administer funding from state and federal grants and the County general fund, with a budget totaling $6.3 million for FY 2009. In 2007, the Frederick County Board of Commissioners established the Housing Initiative Fund - this revolving loan fund of $5.6 million was created to support affordable housing initiatives.

Currently Frederick County DHCD provides the following:

- Operation of low to moderate income Homeownership Programs for first-time buyers - Homebuyers Assistance Program; the HOME funded American Dream Initiative; and is a partner with the Community Partners Incentive Program -
- Processes/Closes an average of eight down payment loans per month.
- Management/Maintenance of the County-owned Bell Court Senior Housing Complex (28 units).
- Operates Deferred Loan Program, Building Fee Deferral Program and the Payment in Lieu of Taxes Program to assist local developers.

Win the past 24 months over 120 low-moderate income households have been assisted by one or more of these programs.

Frederick DHCD has traditionally partnered with local non-profits and realtors to ensure maximum participation in and benefit from DCHD activities. Their staff includes six members with extensive experience in housing rehabilitation, rental management, and loan processing and contract administration.

Arundel County Development Services (ACDS): was created by Anne Arundel County in 1993 to plan, administer and implement the county's housing and community development funds and activities. ACDS is responsible for ensuring that the CDBG funds received by Anne Arundel County from HUD are utilized in accordance with the statutory regulations. Responsibilities include reviewing activity recommendations and requests for funding, ensuring project meet national objectives and eligibility requirements, preparing Maximum Feasible Priority analyses, and monitoring subrecipients for compliance with federal regulations.

In addition to CDBG, ACDS administers the federal HOME Investment Partnerships Program, the Emergency Shelter Grant Program, and the Housing Opportunities for Persons with AIDS Program, State Special Loans Programs, State Community Legacy Grants and County funded homeownership programs. ACDS is especially skilled in ensuring that the long term affordability requirements for the HOME program are met by all project sponsors.

ACDS is a direct provider of the following programs:
- Anne Arundel County's Homeownership and Foreclosure Prevention Counseling Programs;
- The Property Rehabilitation Program;
- The Group Home Rehabilitation Program;
- The Affordable Housing Program, which develops single-family properties for sale And/or rent to income eligible homebuyers/renters.

Within the last 24 month ACDS has completed 35 owner-occupied housing rehabilitation projects, provided 57 deferred loans for downpayment, closing cost and mortgage write-down assistance, and counseled over 1,500 existing and prospective home buyers.

Harford County Department of Community Services: has over 10 years experience in administering HUD entitlement community funding. Harford County demonstrated a successful track record in the following administrative areas:
- Review and selection of project applicant capacity, readiness, leveraging of funds, eligibility and fit with comprehensive revitalization efforts;
- Adhere to HUD timeliness standards on the proper expenditure of funds and documentation through the IDIS system;
- Ensuring that projects comply with CDBG national objectives and eligible activities;
- Preparation of environmental reviews and the Release of Funds for its grantees and subrecipients.

Montgomery County Department of Housing and Community Affairs: has a 30 year track record of successfully administering federal CDBG, HOME, and ESG funds. Staff have extensive expertise in ensuring compliance with all federal requirements, including those specifically relevant to real estate activities.

During the past two years, Montgomery County has acquired and/or rehabilitated 76 units of housing that is included in or adjacent to the five NSP2 census tracts.

Montgomery County administers and expends an average of $2million annually in federally funded single and multi-family housing rehabilitation activities alone for low income residents. Marketing and management of waiting lists for potential residents is a component of Montgomery County's housing activities.

DHCA administers the Housing Initiative Fund (HIF), Montgomery County's locally funded housing trust fund. In FY 2010, the HIF will be funded at a level of $51.7 million. The County has been able to leverage its HIF contributions to development opportunities at a level of 6 to 1.

Baltimore County Office of Community Conservation: since 1994, OCC has administered a variety of public funds, including funds received from the State and Federal government. The Baltimore County Office of Community Conservation (OCC) administers the County's federal entitlement funds including CDBG, as well as SHP and FEMA funds. The OCC prepares the County's Consolidated Plan and prepares Consolidated Annual Performance and Evaluation Report. The OCC also administers State programs such as the rental Assistance Program, the Maryland Housing rehabilitation program, the Lead Hazard Reduction Program, community Legacy, and packages loans under the Disability Mortgage Program. The county has administered these programs responsibly and in accordance with all federal, state, and local requirements. The County has received clean a-133 audits with no findings in the past two years and meets all of its earmarking, timeliness, disbursement, and commitment requirements.

In the past 24 months the OCC has assisted 80 eligible households in Baltimore County through their homeownership assistance programs.

The Redevelopment Fund Development Partners: a non-profit entity that was formed in 2006, The Redevelopment Fund Development Partners (TRF DP) is a partnership between the Reinvestment fund - a leading CDFI - and Baltimore United in Leadership Development (BUILD) - an Industrial Area Foundation Affiliate in Baltimore City. TRF DP is a builder/developer of homes that are affordable to families earning up to 80% AMI. TRF DP's mission is to invest in locations that create wealth and opportunity for the families that live there.

TRF DP staff has exceptional urban redevelopment experience. In total, their staff have rehabilitated over 500 vacant housing units, developed 5,000 building lots and built over 950 new homes. TRF DP's site identification process requires that sites have specific geographic, market or infrastructure advantages that our investments can build on to create healthy, vibrant neighborhoods. To engage in this long-term redevelopment work, TRF DP has raised a $10 million debt pool of long-term non-recourse capital that supports their development activity. this capital is directed at developing homes to support BUILD's community organizing and catalyze neighborhood revitalization.

During the past 24 months, in the census tracts for which TRF-DP seeks NSP funds, TRF DP has been engaged in active development of vacant and abandoned properties. As a result of intense planning work, TRF DP was awarded redevelopment rights for the Oliver area of Baltimore City and now controls over 200 properties. These 200 properties comprise a project called Preston Place, which will eliminate 100% of all abandoned properties in a six block area. Preston Place's 48-unit first phase is under construction. Currently, 25 of 48 homes have been completed or are under construction (14 homes have been sold or leased.)

TRF Development Partners work is not limited to Baltimore, TRF DP works in Pennsylvania and New Jersey and has four other projects in its portfolio. In total over the past 24 months, TRF DP as (been):

- secured site control of 277 vacant parcels and buildings
- purchased 132 vacant lots and buildings
- rehabilitated 10 vacant homes
- constructing 101 new homes on formerly vacant land

- consolidated 42 vacant lots into 16 lots (zoning and planning approved)
- managed 3 community based planning efforts and 3 community institution based efforts
- secured over $19.9 million in subsidy to develop 6 residential projects
- partnered with 8 non-profit partners to develop 6 residential projects
- working with over 595 low and moderate income families interested in affordable housing.

<u>Rating Factor 2-b Management Structure</u>

As the lead agency, the State DHCD will assume responsibility for the management of any funds and subsequent activities awarded through NSP-2. The State has a structure in place to manage, monitor and ensure compliance with NSP-1 funding that will be the basis for the management of NSP-2 funding. DHCD's Community Development Block Grant (CDBG) program staff will manage the grant.

DHCD has administered the CDBG program since the State's program began in 1987. Between them, our staff has 100 years of CDBG experience working exclusively with the State's program. They function as both project managers and compliance specialists. The program distributes CDBG funds to subgrantees for eligible activities. The staff works with the subgrantees to manage their grants and to comply with all applicable federal and state policies and regulations. At the completion of grant activities, a comprehensive on-site monitoring is completed. Staff are trained in all aspects of federal grants management, however, some staff serve as specialists for specific compliance areas. These staff will be administering the NSP-2 funding if awarded:

<u>Cindy Stone</u> – Director – 15 years with the CDBG Program – Functions as Project Manager, Acquisition and Relocation Specialist, and the Environmental Officer.

<u>Anne Stringer</u> – Assistant Director - 5 Years with the CDBG Program – Functions as Project Manager and Housing Rehabilitation Specialist.

<u>Gordon Outlaw</u> – Project Manager – 22 years with CDBG Program – Functions as Project Manager, Procurement Specialist, and Financial Specialist.

<u>Glenda Odom</u> – Project Manager - 15 years with CDBG Program – Functions as Project Manager and Labor Standards Officer.

<u>Virginia Belcher</u> – Financial Manager – 22 years with CDBG Program – Responsible for tracking grant expenditures and allocations, reviews and processes payments, and assists with on-site financial monitoring.

<u>Venus Vaughn</u> – Project Manager – 20 years with CDBG Program – Functions as Project Manager.

Additionally, the CDBG team recently hired two new staff with previous experience in managing HUD programs. Dona Sorce and Jim Castle will function as project managers and as DRGR reporting specialists.

The seven partners have identified a key staff person for their organization that will be responsible for their NSP-2 activities. Those staff persons are:

Baltimore County – Marcia Williams
Frederick County – Jennifer Short
Harford County – Suzanne Streeter
Howard County – Kelly Cimino
Montgomery County – Stevens Brown
ACDS – Kathleen Koch
TRF Development – Sean Closkey

FACTOR 3: SOUNDNESS OF APPROACH

Rating Factor 3-a Proposed Activities

(1) The Maryland Consortium's overall strategy for using NSP2 funding is to provide funding for projects in neighborhoods that 1) meet HUD's requirement of high levels of foreclosure 2) are in State-designated Smart Growth and Community Revitalization areas and are therefore priority funding areas for State investment from all State agencies as part of revitalization efforts and 3) are in jurisdictions that will be heavily impacted by BRAC so that medium and long-term economic growth with help create healthy, stable neighborhoods.

As a result of BRAC, Maryland developed a BRAC Action Plan to help guide the significant increase in growth caused by base realignment. All of Maryland's major military installations will grow substantially due to BRAC, with the most significant growth occurring at Aberdeen Providing Grounds (which is expected to gain 5,900 direct jobs in a town that currently has 5,700 total housing units), the Bethesda Naval Medical Center (which will grow as a result of the closing of Walter Reed), Fort Detrick, which will pick up additional operations from various other States, and Fort George Meade, which will be the center of intelligence operations. The State is expected to gain a minimum of 9,000 new households and 45,000 direct and indirect jobs by 2012, with the vast majority of the households settling in, and jobs located in, the seven counties partnering in the Maryland Consortium.

(a) Budget Sheet

MARYLAND CONSORTIUM – NSP2 BUDGET				
PARTNER	ACTIVITIES	NSP REQUEST	LEVERAGE	TOTAL
Baltimore County	Financial Assistance	$5,000,000	$0	**$5,000,000**
Montgomery County	Acquisition, Rehabilitation and Rental	$3,800,000	$0	**$3,800,000**
Harford County	Financial Assistance	$830,400	$390,876	**$1,221,276**

Harford County	Acquisition, Rehabilitation and Resale	$830,400	$180,000	**$1,100,400**
Howard County	Acquisition, Rehabilitation and Resale	$2,857,500	$62,500	**$2,920,000**
Howard County	Financial Assistance	$18,000	$49,000	**$57,000**
ACDS	Acquisition, Rehabilitation and Rental/Resale	$2,000,000	$40,000	**$2,040,000**
Frederick County	Acquisition, Rehabilitation and Rental	$4,078,416	$50,000	**$4,128,416**
Frederick County	Acquisition, Rehabilitation and Resale	$1,663,416	$69,505	**$1,732,921**
Frederick County	Financial Assistance	$663,418	$0	**$663,418**
TRF Development	Acquisition, Rehabilitation and Rental/Resale	$1,771,000	$865,000	**$2,636,000**
TRF Development	Demolish Blighted Structures	$701,888	$300,000	**$1,001,888**
TRF Development	Redevelop Demolished Properties	$3,759,000	$2,989,498	**$6,748,498**
ALL	Housing Counseling	$200,000	$0	**$200,000**
State of Maryland	Downpayment Assistance	$0	$1,200,000	**$1,200,000**
All	General Administration	$1,520,263	$0	**$1,520,263**
	TOTALS	**$29,693,701**	**$6,196,379**	**$35,970,080**

(b) The activities in this application would impact 341 houses within the target areas in the State. The proposed activities would result in financial assistance for 180 households, the acquisition, rehabilitation and resale or rental of 131 houses, and the acquisition and demolition of 30 substandard housing units which will be replaced with new units.

The financial assistance will be provided as downpayment assistance, closing cost assistance and loans for acquisition and rehabilitation. The partners carrying out these activities intend to provide the assistance as 0% interest, deferred loans to eligible households who acquire foreclosed houses and live in them for the maximum affordability period. Those households who default by selling the home before the affordability period expires will repay funding using a sliding scale based on length in the house.

The use of NSP funding for acquisition, rehabilitation and rental of foreclosed houses will be carried out by three of the partners. Two partners will use these as part of lease to own programs for lower income families to encourage homeownership. When/if the title is transferred to the participant, the continued affordability of the property will be secured by a lien or a Deed of Trust. The other partner will use their funding to acquire houses for the County's public housing authority to use as rental properties. The affordability will be secured by a deed restriction.

Those partners using NSP funding for acquisition, rehabilitation and resale of foreclosed houses will provide neighborhood stabilization through homeownership. The continued affordability of the properties will be secured by liens or Deed of Trust.

The use of NSP funding to acquire and demolish vacant, substandard housing units is critical to the strategy of one of the partners. The cleared sites will be redeveloped with quality new housing for households qualifying using NSP income limits.

The Maryland Consortium application contains a request for $200,000 to be used for housing counseling. This funding will be used to meet the NSP requirement that homebuyers must receive at least 8 hours of housing counseling. This funding will be held in a pool by the State to be used by partners without access to local counseling resources.

(c) The leverage in this application has been firmly committed by the lead agency and the partners in this consortium application. The $6.4 million in leveraged funds is made up state, local and private sources. Letters of commitment of leveraged funds are attached as required.

(d) This application includes the demolition of 30 vacant, substandard housing units located within three census tracts in Baltimore City. The partner, TRF Development, has been actively working to develop vacant and abandoned properties in this area. There is an oversupply of houses that could potentially be rehabilitated and an undersupply of new housing. Their long term strategy will create new housing and preserve existing structures when possible.

TRF physically inspected every parcel in the target area which consists of over 1,100 abandoned buildings or vacant lots. Many of the units have been vacant for over 30 years which makes rehabilitation financially and physically unfeasible. They are deemed to meet the HUD definition of unoccupiable.

The budgeted amount for the demolition if $701,888 which represents 2% of the total request from the Maryland Consortium.

Rating Factor 3-b Project Completion Schedule

Management Schedule

The Maryland Consortium's management schedule for NSP2 funding is below:

DATES	PARTNER	MAJOR ACTIVITY
Schedule Assumes HUD Signs Grant Agreement 12/2009		
1/ 2010	State	Set up internal financial process
2/2010	All	NSP Implementation Training Workshop for Partners
3/2010	All	Complete Environmental Reviews and State Issues ROF
4/2010	State	Quarterly Report due to HUD
7/2010	State	Quarterly Report due to HUD
10/2010	State	Performance Evaluation of Partners
10/2010	State	Quarterly Report due to HUD
1/2011	State	Quarterly Report due to HUD
4/2011	State	Quarterly Report due to HUD

6/2011	State	Performance Evaluation of Partners
7/2011	State	Quarterly Report due to HUD
10/2011	State	Quarterly Report due to HUD
10/2011	State	Begin submission of Monthly Obligation Report to HUD if necessary, submit until told otherwise
1/2012		50% of Grant funds to be drawn from HUD
1/2012	State	Quarterly Report due to HUD
2/2012	State	Performance Evaluation of Partners
4/2012	State	Quarterly Report due to HUD
7/2012	State	Quarterly Report due to HUD
10/2012	State	Quarterly Report due to HUD
1/2013		Grant Expenditures Complete
4/2013	State	Final Quarterly Report due to HUD

The following table shows activity completion dates:

DATES	**ACTIVITIES**				
	A Financial Assistance	**B Acquisition/ Rehab/Resale**	**B Acquisition/ Rehab/Rental**	**D Demolition**	**E Redevelopment**
4/2010	Baltimore 8	Howard 6	Montgomery 3	TRF 30	TRF 2
5/2010	Frederick 5 Baltimore 8	Frederick 3 Howard 4	Frederick 5		TRF 2
10/2010	Frederick 5 Baltimore 8	Frederick 4 ACDS 2 Howard 4 TRF 5	Frederick 5 Montgomery 3 ACDS 1		TRF 2
1/2011	Baltimore 16 Frederick 5 Harford 4	TRF 5	Montgomery 3		TRF 2
4/2011	Frederick 5 Baltimore 16 Harford 5	ACDS 2 TRF 5	ACDS 1		TRF 2
7/2011	Frederick 5 Harford 4 Howard 2	TRF 5	Frederick 5 Montgomery 3		TRF 2
10/2011	Frederick 5 Baltimore 16 Harford 5 Howard 3	ACDS 2 Harford 3 TRF 5	Frederick 5 ACDS 1		TRF 2
1/2012	Frederick 5 Baltimore 14 Harford 4 Howard 3	TRF 10	Frederick 5		TRF 4
42012	Frederick 5 Baltimore 6	Frederick 3 TRF 5			TRF 4

	Howard 2				
7/2012	Frederick 5 Baltimore 4 Harford 3 Howard 2	TRF 10			TRF 4
10/2012	Frederick 5 Baltimore 4 Harford 5 Howard 2	Harford 3 TRF 5			TRF 4
1/2013	GRANT ENDS				
TOTALS	194	91	40	30	30

The items identified in the above tables include the major activities critical to the State's management of the grant. The individual agreements between the partners and the State will contain schedules which will describe specific activities with start and completion dates.

During the term of the grant, the State will evaluate the partners performance related to activities and expenditures. If it is determined that progress has been limited and that activities have not been initiated, the State may recapture funding from that partner and moved to a partner showing exemplary performance.

Another component of the evaluation will track the progress made by the partners in meeting the NSP low income targeting requirement. While the partners individual proposals for this application did contain plans for meeting the requirement, the amount awarded will dictate the amount of funds that must be targeted. The State, as the lead agency, reserves the right to assign percentages that partners must meet to assist the Consortium with meeting this requirement. If progress is not satisfactory, all partners grant amounts and activities may be adjusted to ensure that the requirement will be met in a timely manner.

<u>Rating Factor 3-c Income Targeting for 120 percent and 50 percent of median</u>

NSP funding is only for households whose total income does not exceed 120 percent of area median income. Additionally, a successful grantee must expend at least a minimum of 25 percent of their total award to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

While partners identified activities and dollar amounts to assist with this requirement, the State will reinforce it by assigning a specific dollar amount to be spent by each partner on qualifying activities. As stated previously, if progress is not satisfactory, all partners grant amounts and activities may be adjusted to ensure that the requirement will be met in a timely manner.

<u>Rating Factor 3-d Continued Affordability</u>

The minimum affordability restriction the State and its partners will meet using NSP funds will be the same for the HOME program. The State will use the longer, more restrictive standards when NSP funds are combined with funds with longer affordability standards such as Federal

Low-Income Housing Tax Credits (30 years for rental housing). Partners are allowed to use longer time periods if they so desire.

Minimum Affordability Periods	
Investment per Unit	**Minimum Length of the Affordability Period**
Less than $15,000	5 years
$15,000 - $40,000	10 years
More than $40,000	15 years
New construction of rental housing	20 years

DHCD will ensure continued affordability by requiring that all loans, grants, or deferred loans be secured by a lien or Deed-of-Trust in cases of homeownership and by deed restrictions for rental projects. The nature of equity at resale, continued affordability, and future income to the State's NSP program must be addressed and approved by DHCD. Long term affordability monitoring will be undertaken by CDBG program staff

Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

<u>Rating Factor 3 –e Consultation, Outreach and Communication</u>

The State had developed a relationship with six of the identified partners through a competitive process for the State's NSP-1 funding. Upon receipt of the NSP-2 NOFA, the State and the partners began discussion about submission of an application. Based on the identified census tracts, the State looked for the best way to approach an application and decided to focus on the BRAC counties and the plans put in place by the State and those county governments.

As the lead applicant, the State consulted with partners via email and conference calls for application design and their specific information. If funded, the State will continue to use these methods as well as group meetings, workshops and on-site visits to communicate with partners. A key management tool for the State is regular communication.

Partners will use several methods of outreach to inform the public of their plans, activities and the availability of funding. As the partners are involved in housing and community development efforts within the target areas, they have waiting lists of families needing assistance that, in most cases, have been pre-qualified. The increased income limits under NSP, provide the partners with an opportunity to assist persons at higher incomes and to increase their efforts of creating stabile mixed income neighborhoods.

Local partners will carry out outreach through public hearings on NSP2 funding, as well as working with community organizations, nonprofits, and homeowners associations in targeted communities. Where applicable, they will also include information on their websites. The State will also undertake public outreach, including provided information both the State's overall

ARRA website, as well as DHCD's own ARRA website. In addition, the State will also conduct outreach through its Office of Communications and Marketing, which provides outreach efforts through community forums, press releases, and radio ads and programs. These activities will be undertaken with NSP2 funds similar to what the Department has already done for NSP I funding and DHCD's own housing and community development programs.

Rating Factor 3 – f Performance and Monitoring

As stated, the Maryland Consortium is primarily made up of recipients of NSP-1 funded through the State's allocation. Under NSP-1, the State has developed policies and procedures for the management and monitoring of the subgrantees and their activities that will be applied to funding received under NSP-2. As the lead applicant, the State will serve as the coordinator for the activities and have the ultimate responsibility for management and monitoring of funds and activities. The State will ensure compliance.

There will be an agreement with each partner in which the State will outline their activities, funding, national objective, NSP requirements, State requirements, and activity schedules. The State CDBG staff will manage and monitor the partners use of NSP funding and their accomplishments. Each partner will be assigned a project manager who will meet with them at their offices each month. The project manager will go through files, cross reference payment requests with invoices, monitor completed activities for compliance, monitor financial and administrative systems, and discuss any issues or concerns. Additionally, the State's CDBG program has compliance specialists that are able to offer technical assistance on specific compliance regulations. Continuous correspondence and communication will ensure that there are minimal monitoring issues or problems. This will also ensure that the funded projects are in compliance with all necessary NSP requirements such as tracking the foreclosed property discount and expenditure of funding to house persons at 50% of the area median income.

Customized reports will be prepared for partners to complete each quarter. They will be designed to capture all required information to be included in DRGR. Additionally, each report will be designed to provide the project manager with additional information to assess the progress of the grantee with implementation of the activities.

As described above, the State CDBG staff will be intimately involved with partners while NSP activities are being implemented. We feel that our management and monitoring plan sufficiently addresses the internal audit requirement. The State has seven staff that function as project managers. Staff will meet regularly with the program Director and Assistant Director to discuss partner activities, progress and problems. The State has operated the CDBG program for 22 years and four of the staff have each been with the program for at least 15 years.

FACTOR 4 – LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS

a) Leveraging

The Maryland Consortium will leverage the NSP2 funds it receives with $6,196,379 in State County, and nonprofit funds dedicated specifically toward this effort. This includes $1,200,000 that the State will provide through its Downpayment and Settlement Expense Loan Program (DSELP), $2,989,498 in nonprofit funds from TRF Development, and $2,006,888 from our local partners.

MARYLAND CONSORTIUM - LEVERAGING				
PARTNER	**ACTIVITIES**	**NSP REQUEST**	**LEVERAGE**	**ELIGIBLE USES**
Baltimore County	Financial Assistance	$5,000,000	$0	**A**
Montgomery County	Acquisition, Rehabilitation and Rental	$3,800,000	$0	**B**
Harford County	Financial Assistance	$830,400	$390,876	**A**
Harford County	Acquisition, Rehabilitation and Resale	$830,400	$180,000	**B**
Howard County	Acquisition, Rehabilitation and Resale	$2,857,500	$62,500	**B**
Howard County	Financial Assistance	$18,000	$49,000	**A**
ACDS	Acquisition, Rehabilitation and Rental/Resale	$2,000,000	$40,000	**B**
Frederick County	Acquisition, Rehabilitation and Rental	$4,078,416	$50,000	**B**
Frederick County	Acquisition, Rehabilitation and Resale	$1,663,416	$69,505	**B**
Frederick County	Financial Assistance	$663,418	$0	**A**
TRF Development	Acquisition, Rehabilitation and Rental/Resale	$1,771,000	$865,000	**B**
TRF Development	Demolish Blighted Structures	$701,888	$300,000	**D**
TRF Development	Redevelop Demolished Properties	$3,759,000	$2,989,498	**E**
ALL	Housing Counseling	$200,000	$0	
State of Maryland	Downpayment Assistance	$0	$1,200,000	
All	General Administration	$1,520,263	$0	
	TOTALS	**$29,693,701**	**$6,196,379**	

In addition to these direct funds, the census tracts selected in the above jurisdictions are in the State's Priority Funding Areas. As such, they receive priority for funding for funding under the federal CDBG and HOME programs, as well as State funding operated by DHCD such as Community Legacy, Neighborhood BusinessWorks, and Community Investment Tax Credits, as well as funding from other State agencies such as the Maryland Department of Transportation, Maryland Department of Business and Economic Development, Maryland Department of Planning and other agencies involved in community revitalization efforts. Funding for these programs, both federal and State is competitive, so while we can not provide exact figures for additional leveraging, it would be reasonably expected that actual leveraging will be higher in the impacted communities.

b) Integration

DHCD and its partners currently undertake the integration of resources through numerous avenues. Some of its current efforts directly impacting the NSP2 program include:

- DHCD will continue its work with other members of the Base Realignment Commission (BRAC) – The Departments of Business and Economic Development, Environment, Higher Education, Labor, Licensing, and Regulation, Planning, Transportation and Budget and Management, as well as the affected local governments – to meet the challenges posed in the significant growth planned at the Aberdeen Proving Ground, Ft. Meade, Andrews Air Force Base and the Bethesda Naval Hospital over the next six years.
- Smart Growth – DHCD will work with other State agencies in promoting Smart Growth throughout Maryland.
- DHCD will work with the Maryland Department of Planning, Maryland Department of Transportation, Maryland Department of the Environment and other State agencies and departments to develop the State's Development Plan, Housing Plan, and Transportation Plan.
- DHCD will work with the Maryland Departments of Agriculture, Aging, Business and Economic Development, Disabilities, Environment, Health and Mental Hygiene, Juvenile Services, Public Safety and Correctional Services, Natural Resources, Planning, Education, Budget and Management, General Services, Human Resources, Veterans Affairs, Transportation and Labor, Licensing and Regulation, as well as the State Police on developing a uniform GIS system for the entire State with shared databases of all GIS data developed by these agencies to promote better planning and coordination of programs.

c) Removal of Negative Affects

The economic costs of property foreclosures in Maryland include the loss of property values and tax receipts, plus additional costs incurred by property owners and lenders. Based on 2007 information from Metropolitan Regional Information Systens, Inc., RealtyTrac, and analyses done by DHCD's Office of Research, the direct loss in housing wealth associated with the foreclosed properties in Maryland Consortium is estimated to be $497.3 million. The reduction in home values within one-eight mile radius of each foreclosed property amounts to an estimated $1.5 billion. Therefore, the total projected loss of property value is $1.997 billion in 2007 dollars. The resulting loss of local real property tax receipts is estimated to be $5.4 million associated with the principal properties, $16.2 million for the neighboring properties, and $21.7 million for all impacted properties.

Projected Loss of Property Value and Tax Receipts in Maryland, 2007

	Property Value Loss ($Millions)			Property Tax Loss (Thousands)		
Jurisdiction	**Principal Property**	**Neighboring Properties**	**All Properties**	**Principal Property**	**Neighboring Properties**	**All Properties**
Anne Arundel	$72.1	$200.9	$273.0	$661.7	$1,844.3	$2,505.9
Baltimore	$94.5	$309.3	$403.8	$1,039.7	$3,402.1	$4,441.8
Baltimore City	$60.9	$168.8	$229.7	$1,393.4	$3,862.5	$5,255.9
Frederick	$37.5	$92.8	$130.3	$350.6	$868.6	$1,219.2
Harford	$31.5	$73.1	$104.5	$340.4	$790.5	$1,130.9

Howard	$31.7	$86.2	$117.9	$321.2	$874.5	$1,195.7
Montgomery	$169.1	$569.5	$738.6	$1,372.8	$4,624.7	$5,997.5
Maryland Consortium	***$497.30***	***$1500.60***	***$1997.80***	***$5,479.80***	***$16,267.20***	***$21,746.90***

Source: Metropolitan Regional Information Systems, Inc; RealtyTrac, and DHCD, Office of Research.

NSP2 funding will help ameliorate the negative affects of property values and tax losses by returning foreclosed units to the housing stock. Our strategy of specifically focusing on areas that are set to experience substantial job growth due to BRAC, are Priority Funding Areas for State programs, and have access to mass transit will positively impact these communities that have the opportunity for a rapid turnaround and long-term sustainability.

FACTOR 5 – ENERGY EFFICIENCY

The State of Maryland, DHCD, and its partner agencies are strongly committed to energy efficiency in all of its housing development and redevelopment. Maryland is one of a consortium of ten Eastern States that participates in a Regional Greenhouse Gas Initiative (RGGI) which has a "cap and trade" system that utilizes fees gathered from pollution for energy efficiency improvements. This is done through the State's "EmPOWER Clean Energy Communities" programs, which help local governments and nonprofits fund energy efficiency and renewable energy projects. The overall goal of the programs is to reduce energy use in Maryland by 15 percent by 2015.

As part of the EmPOWERing Clean Communities Initiative, local governments and non-profits have pledged to provide energy checkups to an estimated 26,000 low and moderate income households; retrofit an additional 900 homes (over 500 of which will be low/moderate income), which is estimated to reduce electric bills roughly 20 percent; overhaul 74 community buildings, ranging from public schools, ice rinks, museums and government buildings; and finance solar, wind or other renewable projects and feasibility studies at communities throughout Maryland.

In addition, DHCD is also the administering agency for the DOE's Weatherization Assistance Program (WAP). DHCD has managed this program since its inception, operating both the regular, formula allocation program, as well as managing the special funding WAP received under ARRA.

a. **Transit accessibility: convenient bus service or being in or bordering a census tract with a passenger rail stop or station:**

Convenient and accessible mass transit is a critical factor for the State of Maryland's housing and community development planning. Housing programs that increase affordability to the essential workforce of cities and towns and that promote homeownership opportunities in close proximity to accessible public transit are becoming a more dominant part of the state's public investment portfolio.

This philosophical commitment to investing recovery dollars in transit accessible housing is clearly illustrated by the proposed activities of Maryland's NSP2 Consortium members. Examples are as follows:

- **Montgomery County** recently built the Germantown Transit Center that will serve as the main hub for Montgomery County's bus system. The Transit Center offers a 175-space Park and Ride lot and is located in close proximity to the Maryland Area Regional Commuter (MARC) rail system, providing access northbound into Frederick County through to Martinsburg, West Virginia and southbound to Gaithersburg, Rockville, Kensington, Silver Spring ending at Union Station in Washington, DC.

- **Harford County** proposes to conduct their activities in census tracts that have ready access to the local Harford County public bus service. During the work week Harford County buses operate a continuous loop through the proposed NSP2 census tracts from 6:30 a.m. to 6:30 p.m. Buses may be used to link with the MTA's commuter and MARC train services to Baltimore and Washington, D.C.

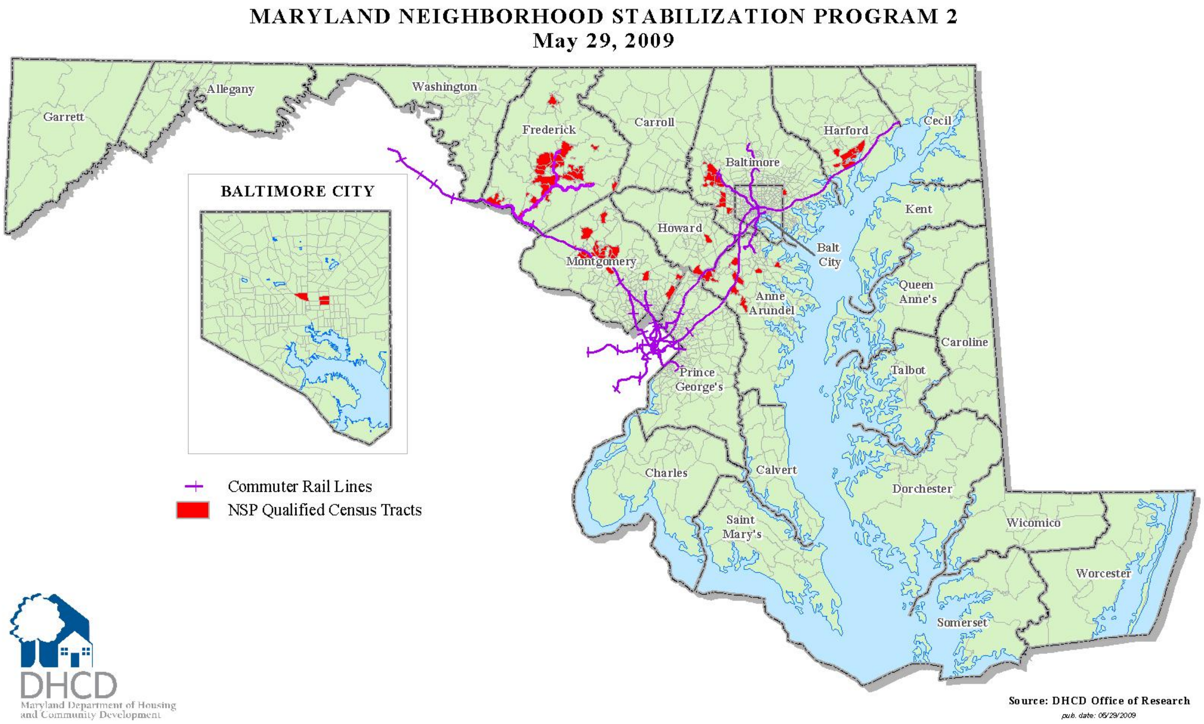
- **Frederick County's** proposed activities target homes within six blocks of the county transit bus stops. Many stops are within the 13 targeted census tract areas.

- **Howard County's** Howard Transit provides local bus service in the proposed census tracts and commuter bus service to the MARC train stations and MTA stations for connecting service to metropolitan Washington DC and Baltimore.

- **Anne Arundel County's** target census tract is within a few miles of the Odenton MARC Train Station, which provides commuter train service to Baltimore and Washington, DC. Transit/bus service is provided through Corridor Transportation Services on a daily basis and provides service to Arundel Mills and Odenton MARC, where residents can connect to other employment centers.

- **Baltimore County** proposes to assist census tracts that are each served by local bus service that offers continuous transportation throughout the county. Bus service can be used to connect to light rail and commuter trains for transit to employment centers, including Baltimore and Washington, DC.

- **TRF DP in Baltimore City** proposes activities in three census tracts that are served by six major bus routes, with over 58 specific public transit stops. There are 3 rail systems that serve these census tracts and all homes are within ¾ of a mile from at least one rail station. All three tract are within one mile of over 50,000 jobs located at the heart of Baltimore's Waterfront entertainment and business districts, less than ½ mile from 8,000 jobs at John's Hopkins Medical Center, and 1 mile from approximately 15,000 jobs at Johns Hopkins University.



b. Green building standards

The State of Maryland promotes green building standards in all of its housing and community development projects by encouraging all of its grantees to incorporate Energy Star standards into any new construction and rehabilitation projects. This is done by providing additional points in its competitive processes for programs such as HOME and LIHTCs, as well as State-Funded programs. DHCD also administers the DOE Weatherization program that helps make single family homes energy efficient, and works with the Maryland Energy Administration (MEA) on both DOE's Energy Block Grant and the Energy Efficiency and Conservation Block Grant, with MEA providing resources to DHCD to promote energy efficiency and green building in multifamily rental projects. As the State's building codes administrator, DHCD has also adopted the 2009 International Energy Conservation Code which all Maryland jurisdictions will comply with by January 1, 2010, 7 years ahead of the 2017 deadline set by the federal government.

Six of the seven consortium partners propose activities involving the acquisition and redevelopment or rehabilitation of foreclosed properties. Each of these entities has incorporated, at minimum, energy efficiency/weatherization activities into their rehabilitation standards and will apply these standards to NSP 2 funded properties.

Three of the partners- Frederick and Howard Counties, and TRF Development Partners are in compliance with the Energy Star for New Homes standards with regard to the installation of appliances. Two of the partners have developed sustainable development designs and building practices and will apply these standards to their NSP2 projects.

For instance, Howard County will incorporate greening techniques that include: durable insulated, low-e glazed thermal windows, White Energy Star-rated roofs, purchase the majority of construction material from sources within a 500 mile area of the site, only use products and adhesives with low volatile organic compounds, install low flow plumbing fixtures, and landscape with plant materials that are indigenous to the area and drought resistant.

TRF DP complies with all of the Sustainable Design Standards that are applicable to their developments. TRF DP complies will all Energy Efficient Materials standards with the exception of green roofing, and TRF DP complies with all of the Healthy Homes standards with the exception of installing whole house vacuums.

c. Reuse of cleared sites:

Only one of the consortium partners - TRF DP - will demolish blighted and decaying properties. TRF DP intends to reuse 100% of 30 demolished sites for residential purposes. Depending on the market absorption rate a small portion of the sites may not be redeveloped within the 36 month NSP2 time frame.

d. Deconstruction:

TRF DP practices sustainable deconstruction methods and intends to reuse and recycle building materials. Prior to demolishing any structures, TRF DP identifies the following components for reuse in their rehabilitated homes: bricks, exterior trim, cornices and other façade elements, marble steps and landings, ornate window glass and trim work.

FACTOR 6 – NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY

The BRAC decisions enacted into law by the federal government in November 2005 have resulted in the State of Maryland assuming a greater role in assisting the U.S. Department of Defense (DoD) mission requirements of achieving operational efficiencies in our country. Maryland will optimize the benefits resulting from this realignment and consolidation of military missions and activities. With the relocation of many base activities to Maryland from other States, at least 45,000 jobs and as many as 60,000 jobs will be created in the State by 2012, making Maryland the largest beneficiary per capita of employment growth of any state affected by the BRAC process.

Based on conservative estimates, the State will experience an increase of almost 15,500 direct jobs from the federal government (including embedded contractors), approximately 23,000 indirect jobs consisting primarily of federal contractors, and more than 7,300 induced jobs that are related to services to support employees and their families. Approximately 94% of the cumulative direct, indirect and induced jobs located in nine jurisdictions: Anne Arundel, Baltimore, Cecil, Frederick, Harford, Howard, Montgomery and Prince George's counties and Baltimore City. Of these, the most heavily impacted – Anne Arundel and Howard Counties, impacted by the expansion of Fort Meade; Baltimore City, Baltimore County, and Harford County, affected by the expansion of the Aberdeen Proving Grounds; Frederick County impacted by the expansion of Fort Detrick, and Montgomery County impacted by the expansion of the Bethesda Naval Hospital (with the closing of Walter Reed) are the most heavily directly impacted jurisdictions.

The impact of BRAC on the communities within the Maryland application will provide great opportunities for economic growth and neighborhood transformation, especially when coupled with NSP2 funding which will provide housing opportunities in the impacted neighborhoods, the availability of transit, including rail transit for commuting, and the State's own investment in the targeted community as Priority Funding Areas.

COMMENTS

None at this time.

DEFINITIONS

Blighted Structure: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare as defined by local code.

Abandoned: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Foreclosed: A property has been foreclosed upon at the point that, under state or local law, the mortgage or tax foreclosure is complete. The title must have been transferred from a former owner under a foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state law.

Affordable rents: Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

AFFORDABILITY PERIODS

Minimum Affordability Periods	
Investment per Unit	**Minimum Length of the Affordability Period**
Less than $15,000	5 years
$15,000 - $40,000	10 years
More than $40,000	15 years

New construction of rental housing	20 years

The minimum affordability restriction the State and its partners will meet using NSP funds will be the same for the HOME program. The State will use the longer, more restrictive standards when NSP funds are combined with funds with longer affordability standards such as Federal Low-Income Housing Tax Credits (30 years for rental housing). Partners are allowed to use longer time periods if they so desire.

DHCD will ensure continued affordability by requiring that all loans, grants, or deferred loans be secured by a lien or Deed-of-Trust in cases of homeownership and by deed restrictions for rental projects. The nature of equity at resale, continued affordability, and future income to the State's NSP program must be addressed and approved by DHCD. Long term affordability monitoring will be undertaken by CDBG program staff

Affordable rents cannot exceed those that comply with the Federal Low Income Housing Tax Credit Program for households earning less than 60% of median income, HOME limits for households earning 60 to 80 % of median income, and 30 percent of median income for households earning more than 80% of median income.

Rehabilitation Standards

At a minimum, any rehabilitation done using NSP funds will meet current HOME rehabilitation standards which require houses to meet the livability standards and code for the county or city where activity is taking place. Additionally, all the Consortium Partners must comply with federal and state Lead Paint regulations and conduct a termite inspection for each house.

DISCLOSURES

SF-LLL (Anti lobbying) (TO BE SUBMITTED WITH FINAL)
HUD-2880 (HUD Disclosure Report) (TO BE SUBMITTED WITH FINAL)

APPENDICIES

Code of conduct (TO BE SUBMITTED WITH FINAL)
Leveraging documentation – firm commitment letters (TO BE SUBMITTED WITH FINAL)
Signed Certifications (TO BE SUBMITTED WITH FINAL)